

ADDRESS BY SENATOR STROM THURMOND (D-SC) AT DEDICATION OF CAROLINA POWER AND LIGHT COMPANY'S GENERATING PLANT, HARTSVILLE, S. C., JUNE 18, 1960.

The privilege of participating in the dedication of this steam electric generating plant is, as was my participation in the ground breaking ceremony, a source of great pride and pleasure to me for a number of reasons.

In the first place, we in South Carolina are very glad to have this large plant erected in our State by the Carolina Power and Light Company. This plant exemplifies the progress of the Pee Dee Area and also the good judgment and dedicated efforts of the officers, directors, and employees of this great company. This forward step is typical of the type vision and foresight which the company's able president, Louis Sutton, has displayed in guiding its activities for many years with the devoted assistance of a native South Carolinian, H. Burton Robinson, the company's vice president and general manager.

Secondly, the erection of this plant is another sign of the industrial growth of South Carolina and the South. The very fact that it is designed for a much larger potential than its initial capacity, indicates prevailing faith and optimism in continued economic progress. The "outdoor" design of this plant is a visible monument to the modern methods and approaches which hold great promise for our industrial ability to compete favorably for years to come.

The need for additional generating capacity which dictated the erection of this plant stems not just from increased industrial

demand, but also from a corresponding increased demand from domestic consumers. Families and individuals enjoy the fruits of the general economic growth, and in the enjoyment of these benefits, utilize increased power. It is the increase in domestic consumption of power which accompanies increased industrial consumption that is most gratifying to me, for it so clearly demonstrates the overwhelming superiority of ours over other economic systems.

It would be most appropriate on this occasion for us to think for a few minutes about this economic system of ours. It is an economic system which has provided our 6% of the world's population with 75% of all the automobiles and 57% of all the telephones in the world. It is an economic system which makes it possible for a town like Kalamazoo, Michigan--population 73,000--to have more refrigerators, washing machines and dish washers than Paris, London, Berlin and Moscow all put together.

We refer to this economic system of ours as free enterprise, private enterprise, or occasionally, still, as capitalism. Increasingly, I sense that the terms "capitalism" and "capitalistic" cause in many an apparent sense of embarrassment; I, in response, feel impatience--and even frustration--that any American should feel embarrassed or apologetic about our capitalistic system.

Capitalism is no more and no less than economic liberty, and it goes hand in hand with political liberty. Webster defines capitalism as "The economic system in which the ownership of land and natural wealth, the production, distribution and exchange of goods, the employment and reward of human labor, and the extension,

organization, and operation of the system itself, are entrusted to, and effected by, private enterprise and control under competitive conditions". Certainly, there is nothing in this definition which indicates that "capitalism" is a word to be feared or avoided.

Let us look now at the operation of the system. From a materialistic standpoint, our standard of living demonstrates that capitalism is the goose that lays the golden egg.

The essence of capitalism is competition. Competition, in turn, decrees that production is designed to accomplish, not what some authority decides is best, but what the individuals that compose the society want. The incentive in the system is geared to satisfying the individuals--not just a few individuals, but the wants of the maximum number of individuals. The customer is necessarily the center of attraction under our economic system.

If there be any doubts as to the benefits of competition, compare the capitalistic system with any system where competition is absent. It is no rarity in Russia for a housewife to stand in line to pay an exorbitant price for a meager portion of the limited supply of consumer goods available. It would be useless for her to cross the street to another store, because all prices are the same, and the other store has the same--usually inferior--goods; for the State has set the prices and decreed what items are to be produced in what quantity. The consumer's wants play no part in the system; he takes what is offered, like it or not.

Admittedly, our economic system has its ups and downs, as do each of us in our own lives. But we need to remember, that even in recession, our economic system is superior. American business

to a hungry man;
is like a T-bone steak/ if it's good, it's very good, and if it's bad, it is still good. Compared to any other economic system, capitalism insures more material benefits, even in a depression, than any other. We should also keep in mind that recessions and depressions are not unknown to any economic system yet devised.

The benefits of our capitalistic system are not restricted to material goods, however. Wealth is a tool by which an individual, in a free society, can express his political liberty. The fruits of our economic system are weapons for the protection of our political system. We who enjoy the benefits of capitalism seem less conscious of this fact than those who advocate the antithesis of capitalism--the communists. Lenin wrote in 1917 that after a period of conflict between capitalism and communism there would be a showdown, and then continued, and I quote: "And after this final showdown the funeral dirge will be sung either over the tomb of communism or over the tomb of capitalism". It was not through the destruction of "democracy" or representative government that Lenin forecast the attack on us, but through the tool by which we preserve our freedom--our capitalistic economic system.

An assault on our economic system has been in progress for many years. Some methods were tried and subsequently abandoned. For instance, a socialist political party proved too direct, and evidenced little appeal to Americans, even in a depression.

The latest approach, I regret, is proving more successful. It is still socialism, pure and simple, but its proponents would more readily accept the title, "welfare state". It is the welfare-staters who have apparently succeeded in instilling an apologetic

feeling about capitalism in many Americans who would have no part of a "socialist party", and who would stoutly deny a preference for communism or other socialistic systems.

It behooves us to understand why the "welfare state" approach is succeeding where the "socialistic party" approach failed.

The principal weapon of the socialist party approach is "nationalization". In some countries, this approach has been successful. Possibly the examples of "nationalization" in other countries has served as a warning to Americans, for advocacy of nationalization drew only slight political support to socialist movements. Nationalization lacks in appeal to Americans, for it seeks to change the form, as well as the substance, of our economic system. It is too open and aboveboard to compete with the obvious advantages of capitalism.

The welfare-state approach, on the other hand, is much more subtle. Indeed, nationalization is condemned by the welfare-staters. There is no need for a separate political effort, for its concepts can be rationalized into harmony with the platforms of existing political parties. This is possible, because the welfare-staters' approach includes no change in the form of the capitalistic structure of our economic system. Instead, it utilizes a subterfuge, which, transparent though it may be, obviously deceives great numbers of people. Rather than attaining socialism through ownership by the state, the welfare-state concept achieves socialism through regulation and control by the state, while leaving the outward vestiges of ownership in private hands. Unfortunately, this system is equally as effective for the destruction of capitalism as is the outright ownership of property by the state which is accomplished by nationalization, and therefore, it is equally socialistic.

The appeal of the welfare-state concept is directed at the natural human desire for security. The advocates of this devious and deceptive system have found it relatively simple, while sailing under the flag of liberalism, to secure the support of many, and the acquiescence of others, for their insidious programs through promises of the fulfillment of material wants of the general populace. There are two basic fallacies in this approach which are successfully concealed from the consciousness of those who swallow the lure of the new style socialists.

The first fallacy is--or should be--the most obvious. All wealth or material goods are produced by individual human labor or ingenuity. The state itself can produce no wealth and whatever it supplies must be first taken from the fruits of the labor of the individual. The method by which the state acquires the property of the individual is, of course, taxation; and we are all quite well aware that our system of taxation is designed to take the most from those who have the most. This design of our tax system is used to screen the average individual from the fact that that which is offered him in the way of material benefits is first taken out of his pockets--not someone else's pockets. The graduated income tax does not produce revenues from the higher level in nearly such appreciable amounts as the welfare-staters would have you believe. As a matter of fact, the rates in excess of 20% secure to the national government only \$5 billion annually. The remainder of the income tax receipts--approximately \$35 billion--is taken from incomes which are taxed at the minimum rate. Most of our other taxes, such as the excise taxes of which we have so many, fall equally on the individuals in the lower income brackets as well as

those in higher income brackets. Truly, the welfare-staters would, if it were possible, ultimately seek to derive a greater portion from the higher incomes, but it is an economic fact that there is an insufficient amount of high incomes to produce any substantial additional amount from this source. The truth of the matter is that each individual, with few exceptions, must first contribute the fruits of his own labors in order to supply the wherewithal for the welfare-staters' bequests.

The second fallacy in the welfare-state approach is equally basic if somewhat less obvious. The physical needs of the populace which the welfare state proposes to supply do not and cannot provide security, for, indeed, security embodies more than the supply of our mere physical wants. The security which the welfare state offers, if carried to its logical conclusion, exists now for the inmates of our better penal institutions. These inmates are well fed, well clothed, normally well protected from violence and enjoy most substantial and weatherproof--as well as breakproof--shelter.

Both of these fallacies are readily apparent from the examination of the examples of the operation of the welfare-state system. Unfortunately, there is no scarcity of such illustrations in the current operation of our national government.

On last Thursday night, June 16, the United States Senate considered and passed an omnibus housing bill. Omnibus, in this instance, is one of the most accurately descriptive words I have ever seen used. Almost every conceivable type of government control, regulation and participation in all fields of housing--and indeed many fields remote from housing--were included in that monstrosity of a bill. All of us, I am sure, are by now familiar

with the national government's participation in such things as public housing, urban renewal and other such programs of indirect ownership through control made possible by utilization of the spending power of the national government. To illustrate the degree to which the national government is participating in housing through the welfare-state approach, however, nothing is more demonstrative than the proposed, but fortunately deleted, so-called policy section of the latest omnibus housing bill. Under the terms of this proposed policy section, the President of the United States would be required to submit an annual report to Congress stating the minimum number of new housing starts which should be permitted in the United States by the national government in the succeeding fiscal year and also recommendations of the President for legislation to insure those housing starts. Had the socialistic party approach been successful, the government through its direct ownership of property would have owned outright all housing, and, therefore, would have determined how many starts the government would make. Under the welfare-state system, which is in full force and effect at present with regard to housing, the national government, under the proposed provisions of the policy section which I have just mentioned, approaches a point where it assumes the responsibility for, and exercises the power for, controlling the number of housing starts in the United States, even though the government makes no pretense at having title to this property. It is a distinction without a difference.

This is but one of thousands of examples that exist. No one engaged in business needs to be told that the national government is a silent, but senior, partner in each and every business. The

principal element of control, although certainly not the sole element, is our complicated system of taxation. Certainly by this time, we should all be well aware that our tax system is geared, not only for the production of revenue, but also for the regulation of the economy and thereby the productive efforts that constitute our economy.

Ever increasingly are business decisions decided more on the basis of tax consequences than on the competitive considerations which stem from consumer needs and desires. Thus, what was impossible to accomplish in America by a bold stroke of nationalization is being successfully accomplished through the adoption of the insidious welfare-state proposals.

To be sure, the process is gradual. Unfortunately, this very graduality seems to have a tranquilizing effect, for the dangers inherent in this approach seem much less impressive in reaching the same goal than do the identical dangers of the more abrupt methods. Even those who profess to be aware of the steady growth of welfare-statism and who profess to be conscious of its destructive effects, appear to fight only a delaying action rather than make a do-or-die stand. The prevalent method of resistance to welfare-statism will inevitably insure the ultimate and total success of socialism. I think the defense action to which I refer could be characterized by the statement: "This proposal is unsound in principle but a little bit--or a little bit more, as the case may be--is all right, or at least not too bad". The American people will never be brought to a realization of the true dangers of welfare-statism or to a knowledge that the welfare state is substantially a socialized state, unless and until those of us who recognize the true nature of this deceptive concept base our defense on a clear and unequivocal stand

on principle and cease to hinge our objections on the degree of the advance of the particular welfare-state proposals.

The advance of the welfare state can be halted and reversed. Our capitalistic economic system is still tough and strong and can be saved to serve both our physical needs and as a weapon for the protection of our political liberty. It can be done by awakening each and every American to the simple fact that any government big enough to give him everything he wants, must, necessarily, be big enough to take everything he's got, including his liberty.

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